

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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Guthrie Center Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2006 Election)		
Curt Sloss	President	2006
Keith Stetzel	Vice President	2007
Nancy Coffman	Board Member	2008
Jamie Patrick	Board Member	2008
Ed Langgard	Board Member	2006
Board of Education (After September 2006 Election)		
Curt Sloss	President	2009
Keith Stetzel	Vice President	2007
Nancy Coffman	Board Member	2008
Jamie Patrick	Board Member	2008
Ed Langgard	Board Member	2009
School Officials		
Steve Smith	Superintendent	2007
Joni Rees	District Secretary/Treasurer and Business Manager	2007
Rick Engel	Attorney	2007

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Guthrie Center Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Guthrie Center Community School District, Guthrie Center, Iowa as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Guthrie Center Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.


In accordance with Government Auditing Standards, we have also issued our report dated March 4, 2008 on our consideration of the Guthrie Center Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Guthrie Center Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson 
NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Guthrie Center Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$4,376,571 in fiscal 2006 to \$4,313,020 in fiscal 2007, while General Fund expenditures increased from \$4,335,169 in fiscal 2006 to \$4,480,814 in fiscal 2007. This resulted in a decrease in the District's General Fund balance from \$143,598 in fiscal 2006 to a balance of a deficit \$24,196 in fiscal 2007.
- The decrease in General Fund revenues was mainly attributable to the District receiving less in state grant revenues as compared to the previous year. The increase in expenditures was due primarily to an increase in expenditures for instruction and support services.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Guthrie Center Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Guthrie Center Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Guthrie Center Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Guthrie Center Community School District Annual Financial Report

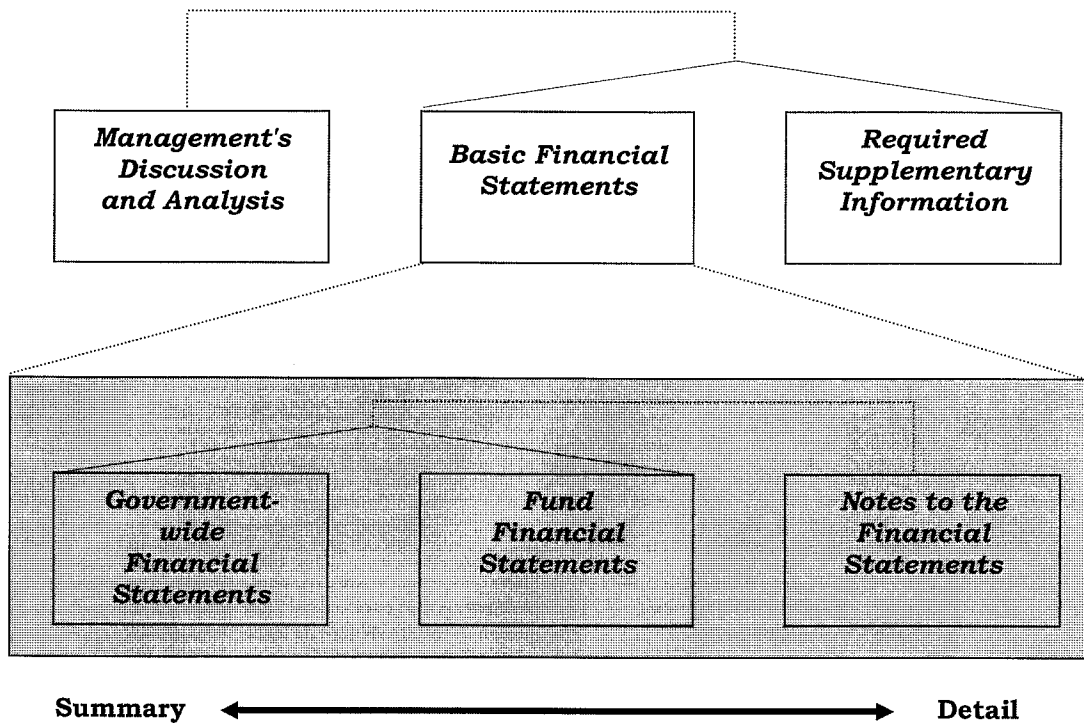


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 2,519,872	2,681,917	19,971	22,260	2,539,843	2,704,177	-6.08%
Capital assets	4,232,607	3,975,980	9,977	11,681	4,242,584	3,987,661	6.39%
Total assets	6,752,479	6,657,897	29,948	33,941	6,782,427	6,691,838	1.35%
Long-term obligations	550,000	652,625	0	0	550,000	652,625	-15.72%
Other liabilities	2,153,252	2,137,996	17,308	15,881	2,170,560	2,153,877	0.77%
Total liabilities	2,703,252	2,790,621	17,308	15,881	2,720,560	2,806,502	-3.06%
Net assets:							
Invested in capital assets, net of related debt	3,682,607	3,387,246	9,977	11,681	3,692,584	3,398,927	8.64%
Restricted	404,851	356,788	0	0	404,851	356,788	13.47%
Unrestricted	(38,231)	123,242	2,663	6,379	(35,568)	129,621	-127.44%
Total net assets	\$ 4,049,227	3,867,276	12,640	18,060	4,061,867	3,885,336	4.54%

The District's combined net assets increased by 4.54%, or approximately \$176,531, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$48,063 or 13.47% over the prior year. The increase was primarily a result of gains in fund balance for the Management Fund and the Physical Plant and Equipment Levy Fund.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$165,189, or 127.44%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 580,307	346,632	113,193	113,505	693,500	460,137	50.72%
Operating grants and contributions and restricted interest	636,099	869,392	126,935	114,006	763,034	983,398	-22.41%
Capital grants and contributions and restricted interest	33,971	0	0	0	33,971	0	100.00%
General revenues:							
Property tax	1,779,711	1,771,493	0	0	1,779,711	1,771,493	0.46%
Local option sales tax	278,315	132,272	0	0	278,315	132,272	110.41%
Unrestricted state grants	1,868,055	2,013,193	0	0	1,868,055	2,013,193	-7.21%
Other	35,063	22,269	33	43	35,096	22,312	57.30%
Total revenues	5,211,521	5,155,251	240,161	227,554	5,451,682	5,382,805	1.28%
Program expenses:							
Governmental activities:							
Instructional	3,179,864	3,066,421	0	0	3,179,864	3,066,421	3.70%
Support services	1,467,432	1,442,357	0	0	1,467,432	1,442,357	1.74%
Non-instructional programs	2,067	2,646	245,581	231,030	247,648	233,676	5.98%
Other expenditures	380,207	329,165	0	0	380,207	329,165	15.51%
Total expenses	5,029,570	4,840,589	245,581	231,030	5,275,151	5,071,619	4.01%
Change in net assets	181,951	314,662	(5,420)	(3,476)	176,531	311,186	-43.27%
Net assets beginning of year	3,867,276	3,552,614	18,060	21,536	3,885,336	3,574,150	8.71%
Net assets end of year	\$ 4,049,227	3,867,276	12,640	18,060	4,061,867	3,885,336	4.54%

In fiscal 2007, property tax and unrestricted state grants account for 69.99% of the revenue from governmental activities while charges for services and operating grants and contributions account for nearly 100.00% of the revenue from business type activities.

The District's total revenues were approximately \$5.45 million of which \$5.21 million was for governmental activities and \$0.24 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of 1.28% in revenues and a 4.01% increase in expenses. The increase in expenses was related to increases in expenditures in the support services function as well as increases in instructional expenses.

Governmental Activities

Revenues for governmental activities were \$5,211,521 and expenses were \$5,029,570.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 3,179,864	3,066,421	3.70%	2,121,619	2,059,482	3.02%
Support services	1,467,432	1,442,357	1.74%	1,467,126	1,442,357	1.72%
Non-instructional	2,067	2,646	-21.88%	2,067	2,646	-21.88%
Other expenses	380,207	329,165	15.51%	188,381	120,080	56.88%
Totals	<u>\$ 5,029,570</u>	<u>4,840,589</u>	<u>3.90%</u>	<u>3,779,193</u>	<u>3,624,565</u>	<u>4.27%</u>

- The cost financed by users of the District's programs was \$580,307.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$670,070.
- The net cost of governmental activities was financed with \$1,779,711 in property tax, \$278,315 in local option sales tax, \$1,868,055 in unrestricted state grants, and \$19,618 in interest income.

Business-Type Activities

Revenues of the District's business-type activities were \$240,161 and expenses were \$245,581. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Guthrie Center Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$282,340, below last year's ending fund balances of a \$460,166.

Governmental Fund Highlights

The District's declining General Fund financial position from \$143,598 to a deficit \$24,196 is the product of many factors:

- A decrease in the amount of state grant revenues received by the District as compared to the previous year led to the decrease in General Fund revenues.
- The decrease in General Fund revenues coupled with an increase in expenditures ensured the decline in General Fund balance.
- The Physical Plant and Equipment Levy Fund balance increased from \$52,215 in fiscal 2006 to \$88,549 in fiscal 2007. Although the PPEL Fund revenues were less in fiscal 2007 as compared to fiscal 2006, the decrease in fund expenditures when comparing the same two years led to the increase in fund balance. During the year, the PPEL Fund purchased a new bus and new asphalt for the parking lots.

-
- The Activity Fund balance decreased from \$46,423 in fiscal 2007 to \$24,268 in fiscal 2007. A combination of decreased revenues and increased expenditures when compared to fiscal 2006 ensured that the Activity Fund would decrease in balance.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$18,060 at June 30, 2006 to \$12,640 at June 30, 2007, representing a decrease of 30.0%.

BUDGETARY HIGHLIGHTS

Over the course of the year, Guthrie Center Community School District amended its annual budget one time to reflect additional expenditures in the support services function. Total District expenditures were increased by \$323,209 to cover increased expenditures for increases in fuel prices and the purchase of a new bus.

The District's revenues were \$108,842 less than budgeted revenues, a variance of 1.96%. The most significant variance resulted from the District receiving less in state source revenues than originally anticipated.

Initially, total expenditures were less than budgeted, primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs function due to the timing of expenditures at year end without sufficient time to amend the certified budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the District had invested \$4,242,584, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$232,880.

The original cost of the District's capital assets was \$7,311,342. Governmental funds account for \$7,252,971 with the remaining of \$58,371 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$158,304 at June 30, 2006, compared to \$251,555 reported at June 30, 2007. The increase was a result of the asphalt paving project at the school.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 58,851	49,800	0	0	58,851	49,800	18.17%
Construction in progress	98,137	70,068	0	0	98,137	70,068	40.06%
Buildings	3,563,328	3,503,817	0	0	3,563,328	3,503,817	1.70%
Land improvements	251,555	158,304	0	0	251,555	158,304	58.91%
Machinery and equipment	260,736	193,991	9,977	11,681	270,713	205,672	31.62%
Total	\$ 4,232,607	3,975,980	9,977	11,681	4,242,584	3,987,661	6.39%

Long-Term Debt

At June 30, 2007, the District had \$550,000 in general obligation bond debt outstanding. This represents a decrease of 15.7% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2007	2006	2006-07
General Obligation Bonds	\$ 550,000	625,000	-12.0%
Early Retirement	0	27,625	-100.0%
	\$ 550,000	652,625	-15.7%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Low allowable growth over several years is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- Continued budget concerns at state level will affect future projections. The District has been forced to shift funding to property taxes.
- The one cent tax on sales and services will continue to be a great benefit to the District in maintaining buildings, purchasing equipment and debt repayment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joni Rees, Board Secretary, Guthrie Center Community School District, 906 School Street, Guthrie Center, Iowa, 50115.

BASIC FINANCIAL STATEMENTS

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 464,766	15,307	480,073
Receivables:			
Property tax:			
Delinquent	32,645	0	32,645
Succeeding year	1,644,817	0	1,644,817
Income surtax	88,463	0	88,463
Accounts	249	0	249
Due from other governments	288,932	0	288,932
Inventories	0	4,664	4,664
Capital assets, net of accumulated depreciation(Note 3)	4,232,607	9,977	4,242,584
TOTAL ASSETS	6,752,479	29,948	6,782,427
LIABILITIES			
Accounts payable	31,734	0	31,734
Salaries and benefits payable	462,906	14,746	477,652
Interest payable	4,183	0	4,183
Deferred revenue:			
Succeeding year property tax	1,644,817	0	1,644,817
Other	9,612	0	9,612
Unearned revenue	0	2,562	2,562
Long-term liabilities(Note 4):			
Portion due within one year:			
General obligation bonds payable	80,000	0	80,000
Portion due after one year:			
General obligation bonds payable	470,000	0	470,000
TOTAL LIABILITIES	2,703,252	17,308	2,720,560
NET ASSETS			
Invested in capital assets, net of related debt	3,682,607	9,977	3,692,584
Restricted for:			
Beginning teacher mentoring	316	0	316
Additional teacher contract day	681	0	681
Professional development	148	0	148
Market factor	4,126	0	4,126
Early intervention	88,753	0	88,753
Phase II	4,291	0	4,291
Management levy	89,331	0	89,331
Physical plant and equipment levy	88,549	0	88,549
Capital projects	61,969	0	61,969
Debt service	42,419	0	42,419
Other special revenue purposes	24,268	0	24,268
Unrestricted	(38,231)	2,663	(35,568)
TOTAL NET ASSETS	\$ 4,049,227	12,640	4,061,867

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants, Capital Grants, Contributions and Restricted Interest			Govern-mental Activities	Business-Type Activities	Total
		Charges for Services	Contributions and Restricted Interest	Contributions and Restricted Interest			
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 1,802,564	235,551	405,502	0	(1,161,511)	0	(1,161,511)
Special instruction	695,899	150,099	72,742	0	(473,058)	0	(473,058)
Other instruction	681,401	194,351	0	0	(487,050)	0	(487,050)
	<u>3,179,864</u>	<u>580,001</u>	<u>478,244</u>	<u>0</u>	<u>(2,121,619)</u>	<u>0</u>	<u>(2,121,619)</u>
Support services:							
Student services	106,070	0	0	0	(106,070)	0	(106,070)
Instructional staff services	228,469	0	0	0	(228,469)	0	(228,469)
Administration services	465,832	0	0	0	(465,832)	0	(465,832)
Operation and maintenance of plant services	477,898	0	0	0	(477,898)	0	(477,898)
Transportation services	189,163	306	0	0	(188,857)	0	(188,857)
	<u>1,467,432</u>	<u>306</u>	<u>0</u>	<u>0</u>	<u>(1,467,126)</u>	<u>0</u>	<u>(1,467,126)</u>
Non-instructional programs	2,067	0	0	0	(2,067)	0	(2,067)
Other expenditures:							
Facilities acquisitions	32,404	0	0	33,971	1,567	0	1,567
Long-term debt interest	28,126	0	0	0	(28,126)	0	(28,126)
AEA flowthrough	157,855	0	157,855	0	0	0	0
Depreciation(unallocated)*	161,822	0	0	0	(161,822)	0	(161,822)
	<u>380,207</u>	<u>0</u>	<u>157,855</u>	<u>33,971</u>	<u>(188,381)</u>	<u>0</u>	<u>(188,381)</u>
Total governmental activities	5,029,570	580,307	636,099	33,971	(3,779,193)	0	(3,779,193)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	245,581	113,193	126,935	0	0	(5,453)	(5,453)
Total business-type activities	<u>245,581</u>	<u>113,193</u>	<u>126,935</u>	<u>0</u>	<u>0</u>	<u>(5,453)</u>	<u>(5,453)</u>
Total	<u>\$ 5,275,151</u>	<u>693,500</u>	<u>763,034</u>	<u>33,971</u>	<u>(3,779,193)</u>	<u>(5,453)</u>	<u>(3,784,646)</u>
General Revenues:							
Local tax for:							
General purposes				\$ 1,485,929	0	1,485,929	
Capital outlay				190,215	0	190,215	
Debt service				103,567	0	103,567	
Local option sales and services				278,315	0	278,315	
Unrestricted state grants				1,868,055	0	1,868,055	
Unrestricted investment earnings				19,618	33	19,651	
Other				15,445	0	15,445	
Total general revenues				<u>3,961,144</u>	<u>33</u>	<u>3,961,177</u>	
Changes in net assets				181,951	(5,420)	176,531	
Net assets beginning of year				<u>3,867,276</u>	<u>18,060</u>	<u>3,885,336</u>	
Net assets end of year				<u>\$ 4,049,227</u>	<u>12,640</u>	<u>4,061,867</u>	

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Manage- ment Levy	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 224,261	87,671	84,877	67,957	464,766
Receivables:					
Property tax					
Delinquent	25,314	1,660	3,672	1,999	32,645
Succeeding year	1,316,307	30,000	193,010	105,500	1,644,817
Income surtax	88,463	0	0	0	88,463
Accounts	119	0	0	130	249
Due from other governments	230,362	0	0	58,570	288,932
TOTAL ASSETS	\$ 1,884,826	119,331	281,559	234,156	2,519,872
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 31,734	0	0	0	31,734
Salaries and benefits payable	462,906	0	0	0	462,906
Deferred revenue:					
Succeeding year property tax	1,316,307	30,000	193,010	105,500	1,644,817
Income surtax	88,463	0	0	0	88,463
Other	9,612	0	0	0	9,612
Total liabilities	1,909,022	30,000	193,010	105,500	2,237,532
Fund balances:					
Reserved for:					
Debt service	0	0	0	42,419	42,419
Beginning teacher mentoring	316	0	0	0	316
Additional teacher contract day	681	0	0	0	681
Professional development	148	0	0	0	148
Market factor	4,126	0	0	0	4,126
Early intervention	88,753	0	0	0	88,753
Phase II	4,291	0	0	0	4,291
Unreserved:					
Undesignated	(122,511)	89,331	88,549	86,237	141,606
Total fund balances	(24,196)	89,331	88,549	128,656	282,340
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,884,826	119,331	281,559	234,156	2,519,872

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2007

Total fund balances of governmental funds (page 15)	\$	282,340
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***Amounts reported for governmental activities in the
statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in in the governmental funds.		4,232,607
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Accounts receivable income surtax, are not yet available to finance expenditures of the current period.		88,463
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(4,183)
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Long-term liabilities, such as general obligation bonds are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(550,000)
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Net assets of governmental activites (page 13)	\$	4,049,227
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SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Manage- ment Levy	Physical Plant and Equipment Levy	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 1,400,999	84,930	190,215	381,882	2,058,026
Tuition	365,542	0	0	0	365,542
Other	49,401	8,615	919	231,659	290,594
State sources	2,269,819	63	141	77	2,270,100
Federal sources	227,259	0	0	0	227,259
Total revenues	4,313,020	93,608	191,275	613,618	5,211,521
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	1,794,449	23,663	0	0	1,818,112
Special instruction	695,899	0	0	0	695,899
Other instruction	463,387	0	0	218,014	681,401
	2,953,735	23,663	0	218,014	3,195,412
Support services:					
Student services	105,708	9,543	0	0	115,251
Instructional staff services	228,469	0	0	0	228,469
Administration services	464,100	1,732	0	0	465,832
Operation and maintenance of plant services	444,891	30,903	0	0	475,794
Transportation services	126,056	7,568	63,642	63,642	260,908
	1,369,224	49,746	63,642	63,642	1,546,254
Non-instructional programs					
Food service operations	0	2,067	0	0	2,067
Other expenditures:					
Facilities acquisitions	0	0	91,299	292,809	384,108
Long-term debt:					
Principal	0	0	0	75,000	75,000
Interest and fiscal charges	0	0	0	28,651	28,651
AEA flowthrough	157,855	0	0	0	157,855
	157,855	0	91,299	396,460	645,614
Total expenditures	4,480,814	75,476	154,941	678,116	5,389,347
Net change in fund balances	(167,794)	18,132	36,334	(64,498)	(177,826)
Fund balance beginning of year	143,598	71,199	52,215	193,154	460,166
Fund balance end of year	\$ (24,196)	89,331	88,549	128,656	282,340

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds (page 17) \$ (177,826)

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:

Expenditures for capital assets	\$ 487,803	
Depreciation expense	<u>(231,176)</u>	256,627

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.	75,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	525
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds, as follows:

Early Retirement		<u>27,625</u>
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Changes in net assets of governmental activities (page 14)	<u><u>\$ 181,951</u></u>
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SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	<u>School Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 15,307
Inventories	4,664
Capital assets, net of accumulated depreciation (Note 3)	<u>9,977</u>
TOTAL ASSETS	<u>29,948</u>
LIABILITIES	
Salaries and benefits payable	14,746
Unearned revenues	<u>2,562</u>
TOTAL LIABILITIES	<u>17,308</u>
NET ASSETS	
Invested in capital assets	9,977
Unrestricted	<u>2,663</u>
TOTAL NET ASSETS	<u><u>\$ 12,640</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 113,193
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	82,417
Benefits	13,712
Services	5,226
Supplies	142,508
Depreciation	1,704
Other	14
TOTAL OPERATING EXPENSES	<u>245,581</u>
OPERATING LOSS	<u>(132,388)</u>
NON-OPERATING REVENUES:	
State sources	7,455
Federal sources	119,480
Interest income	33
TOTAL NON-OPERATING REVENUES	<u>126,968</u>
Change in net assets	(5,420)
Net assets beginning of year	<u>18,060</u>
Net assets end of year	<u><u>\$ 12,640</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit I

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 112,662
Cash received from miscellaneous sources	402
Cash payments to employees for services	(94,573)
Cash payments to suppliers for goods or services	(132,978)
Net cash used in operating activities	<u>(114,487)</u>
Cash flows from non-capital financing activities:	
State grants received	7,455
Federal grants received	103,458
Net cash provided by non-capital financing activities	<u>110,913</u>
Cash flows from investing activities:	
Interest on investments	<u>33</u>
Net decrease in cash and cash equivalents	(3,541)
Cash and cash equivalents at beginning of year	<u>18,848</u>
Cash and cash equivalents at end of year	<u>\$ 15,307</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (132,388)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	16,022
Depreciation	1,704
Increase in inventories	(1,252)
Increase in salaries and benefits payable	1,556
Decrease in unearned revenue	(129)
Net cash used in operating activities	<u>\$ (114,487)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u>\$ 15,307</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received
Federal commodities valued at \$16,022.

SEE NOTES TO FINANCIAL STATEMENTS.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

(1) **Summary of Significant Accounting Policies**

The Guthrie Center Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Guthrie Center, Iowa, and the predominate agricultural territory in Guthrie and Audubon Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Guthrie Center Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Guthrie Center Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Guthrie and Audubon Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed

from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Student Activity Fund is used to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1).

The Special Revenue - Physical Plant and Equipment Levy(PPEL) Fund is used to account for resources used in building improvements and equipment purchases.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 0
Buildings	10,000
Land improvements	10,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the non-instructional services function exceeded the amount budgeted.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Funds in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by

the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2007.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,800	9,051	0	58,851
Construction in progress	70,068	28,069	0	98,137
Total capital assets not being depreciated	119,868	37,120	0	156,988
Capital assets being depreciated:				
Buildings	5,657,260	199,199	0	5,856,459
Land improvements	327,301	115,385	0	442,686
Machinery and equipment	660,739	136,099	0	796,838
Total capital assets being depreciated	6,645,300	450,683	0	7,095,983
Less accumulated depreciation for:				
Buildings	2,153,443	139,688	0	2,293,131
Land improvements	168,997	22,134	0	191,131
Machinery and equipment	466,748	69,354	0	536,102
Total accumulated depreciation	2,789,188	231,176	0	3,020,364
Total capital assets being depreciated, net	3,856,112	219,507	0	4,075,619
Governmental activities capital assets, net	\$ 3,975,980	256,627	0	4,232,607
Business-type activities:				
Machinery and equipment	\$ 58,371	0	0	58,371
Less accumulated depreciation	46,690	1,704	0	48,394
Business-type activities capital assets, net	\$ 11,681	(1,704)	0	9,977

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 11,711

Support services:

Operation and maintenance of plant 2,104

Transportation 55,539

69,354

Unallocated depreciation 161,822

Total governmental activities depreciation expense \$ 231,176

Business-type activities:

Food services \$ 1,704

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 625,000	0	75,000	550,000	80,000
Early Retirement	27,625	0	27,625	0	0
	\$ 652,625	0	102,625	550,000	80,000

General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded debt is as follows:

Year Ending June 30,	Interest Rates	Bond issue of July 1, 2001		
		Principal	Interest	Total
2008	4.30 %	\$ 80,000	25,100	105,100
2009	4.40	85,000	21,660	106,660
2010	4.50	90,000	17,920	107,920
2011	4.60	95,000	13,870	108,870
2012	4.70	100,000	9,500	109,500
2013	4.80	100,000	4,800	104,800
Total		\$ 550,000	92,850	642,850

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated

by using the current year regular salary schedule. At June 30, 2007, the District had no early retirement payable to former employees. Early retirement benefits paid during the year ended June 30, 2007 totaled \$27,625.

(5) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$156,658, \$148,053, and \$141,514, respectively, equal to the required contributions for each year.

(6) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$157,855 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(8) Construction Commitment

As of June 30, 2007, costs of \$98,137 had been incurred for the construction of the student project house and an outdoor athletic complex. When the construction is completed, these items will be added to the fixed asset listing.

(9) Deficit Fund Balance

At June 30, 2007, the General Fund had a deficit undesignated fund balance of \$122,511 and the Student Activity Fund also had seven deficit accounts totaling \$22,050.

(10) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2007, disbursements in the non-instructional function exceeded the amount budgeted.

REQUIRED SUPPLEMENTARY INFORMATION

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL- ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,714,162	113,226	2,827,388	2,848,283	2,848,283	(20,895)
State sources	2,270,100	7,455	2,277,555	2,437,241	2,437,241	(159,686)
Federal sources	227,259	119,480	346,739	275,000	275,000	71,739
Total revenues	5,211,521	240,161	5,451,682	5,560,524	5,560,524	(108,842)
Expenditures:						
Instruction	3,195,412	0	3,195,412	3,523,378	3,523,378	327,966
Support services	1,546,254	0	1,546,254	1,346,791	1,670,000	123,746
Non-instructional programs	2,067	245,581	247,648	230,000	230,000	(17,648)
Other expenditures	645,614	0	645,614	852,380	852,380	206,766
Total expenditures	5,389,347	245,581	5,634,928	5,952,549	6,275,758	640,830
Excess(deficiency) of revenues over(under) expenditures	(177,826)	(5,420)	(183,246)	(392,025)	(715,234)	531,988
Other financing sources, net	0	0	0	500	500	(500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(177,826)	(5,420)	(183,246)	(391,525)	(714,734)	531,488
Balance beginning of year	460,166	18,060	478,226	491,668	491,668	(13,442)
Balance end of year	\$ 282,340	12,640	294,980	100,143	(223,066)	518,046

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$323,209.

During the year ended June 30, 2007, expenditures in the non-instructional programs function exceeded the amount budgeted.

OTHER SUPPLEMENTARY INFORMATION

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Special Revenue			Total Other Nonmajor Governmental Funds
	Student Activity	Capital Projects	Debt Service	
ASSETS				
Cash and pooled investments	\$ 24,138	3,399	40,420	67,957
Receivables:				
Property tax:				
Delinquent	0	0	1,999	1,999
Succeeding year property tax	0	0	105,500	105,500
Accounts	130	0	0	130
Due from other governments	0	58,570	0	58,570
TOTAL ASSETS	\$ 24,268	61,969	147,919	234,156
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	0	0	105,500	105,500
Fund balances:				
Reserved for debt service	0	0	42,419	42,419
Unreserved fund balances	24,268	61,969	0	86,237
	24,268	61,969	42,419	128,656
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,268	61,969	147,919	234,156

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2007

	Special Revenue			Total Other Nonmajor Governmental Funds
	Student Activity	Capital Projects	Debt Service	
REVENUES:				
Local sources:				
Local tax	\$ 0	278,315	103,567	381,882
Other	195,859	34,348	1,452	231,659
State sources	0	0	77	77
TOTAL REVENUES	195,859	312,663	105,096	613,618
EXPENDITURES:				
Current:				
Instruction:				
Other instruction	218,014	0	0	218,014
Support services:				
Transportation services	0	63,642	0	63,642
Other expenditures:				
Facilities acquisition	0	292,809	0	292,809
Long-term debt:				
Principal	0	0	75,000	75,000
Interest and fiscal charges	0	0	28,651	28,651
TOTAL EXPENDITURES	218,014	356,451	103,651	678,116
NET CHANGE IN FUND BALANCE	(22,155)	(43,788)	1,445	(64,498)
FUND BALANCE BEGINNING OF YEAR	46,423	105,757	40,974	193,154
FUND BALANCE END OF YEAR	\$ 24,268	61,969	42,419	128,656

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 0	1,508	1,508	0
Drama	2,905	2,217	1,475	3,647
Odyssey of Mind	2,305	2,305	2,355	2,255
Vocal Club	6,739	2,925	3,805	5,859
Band Club	(4,212)	1,893	1,233	(3,552)
Basketball	2,661	31,591	31,785	2,467
Track	(3,892)	4,959	7,067	(6,000)
Cheerleaders	2,053	4,539	6,281	311
Football	210	10,329	10,539	0
Baseball/Softball	(2,009)	9,325	10,967	(3,651)
Wrestling	(1,111)	12,816	11,197	508
Volleyball	(2,440)	4,207	4,839	(3,072)
Summer Little League	7,295	2,967	5,251	5,011
FFA	1,621	19,638	20,427	832
FCCLA	45	2,552	2,597	0
Honor Society	1,157	18	406	769
Student Council	2,819	10,820	10,670	2,969
Foreign Language	536	0	0	536
Art Club	674	810	516	968
Yearbook	(1,216)	17,051	19,859	(4,024)
Change Fund	(455)	285	300	(470)
General Fund	1,084	6,393	5,741	1,736
Student Activities	1,687	6,601	6,679	1,609
Marketing	0	3,039	2,954	85
Weightlifting	162	50	0	212
JH Student Council	2,054	9,541	8,360	3,235
Extra Curricular	(85)	9,061	10,257	(1,281)
Elementary Fund	21,493	2,556	17,072	6,977
Class of 2006	169	0	0	169
Class of 2007	3,149	2,232	5,381	0
Class of 2008	795	12,695	8,464	5,026
Class of 2009	230	324	20	534
Class of 2010	0	612	9	603
Total	\$ 46,423	195,859	218,014	24,268

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2007	2006	2005	2004
Revenues:				
Local sources:				
Local tax	\$ 2,058,026	1,896,372	1,787,200	1,673,830
Tuition	365,542	346,632	312,103	270,742
Other	290,594	307,241	371,945	344,208
State sources	2,270,100	2,411,023	2,151,274	1,917,582
Federal sources	227,259	186,001	209,267	331,065
Total	<u>\$ 5,211,521</u>	<u>5,147,269</u>	<u>4,831,789</u>	<u>4,537,427</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,818,112	1,753,552	1,785,551	1,779,400
Special instruction	695,899	717,294	595,563	593,548
Other instruction	681,401	588,608	697,022	500,945
Support services:				
Student services	115,251	103,558	92,388	108,849
Instructional staff services	228,469	240,937	116,313	101,570
Administration services	465,832	452,914	444,608	437,730
Operation and maintenance of plant services	475,794	474,363	416,550	374,308
Transportation services	260,908	190,673	212,761	109,573
Non-instructional programs:	2,067	2,646	0	0
Other expenditures:				
Facilities acquisitions	384,108	190,708	257,539	100,891
Long-term debt:				
Principal	75,000	80,000	75,000	70,000
Interest and fiscal charges	28,651	31,930	34,968	37,667
AEA flow-through	157,855	151,690	139,824	135,150
Total	<u>\$ 5,389,347</u>	<u>4,978,873</u>	<u>4,868,087</u>	<u>4,349,631</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Guthrie Center Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Guthrie Center Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 4, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guthrie Center Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Guthrie Center Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Guthrie Center Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Guthrie Center Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Guthrie Center Community School District's financial statements that is more than inconsequential will not be prevented or detected by Guthrie Center Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Findings Related to the General Purpose Financial Statements.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Guthrie Center Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-07 is a material weakness.

Compliance and Other Matters

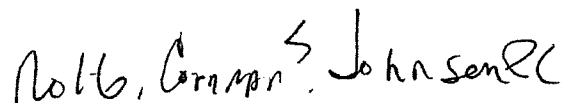
As part of obtaining reasonable assurance about whether Guthrie Center Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Guthrie Center Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Guthrie Center Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Guthrie Center Community School District and other parties to whom Guthrie Center Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Guthrie Center Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson" followed by a stylized mark.

NOLTE, CORNMAN & JOHNSON, P.C.

March 4, 2008

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

- I-B-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). More specific examples of these instances of questioned items and recommendations are as follows:

Donations from Target were recorded in the Student Activity Fund. Target donations do not specify the purpose, other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

There was still a balance in the Class of 2006 account. This account should have the remaining money in it redistributed to other accounts in the Activity Fund.

Computers were purchased for the elementary computer lab from the Student Activity Fund. This purchase was for computers that will be used for instructional purposes. Instructional materials are more appropriately handled from the General Fund.

The District writes various checks throughout the year for meal money for students that participate at state events as well as special education field trips. It was noted that checks were being written to "Cash" instead of the custodian/sponsor for these events. Checks made out to "Cash" are barer paper and in the event the check would be lost or stolen anyone could cash the check. In the future, the District should write the check to the custodian/sponsor of the event.

The District should review procedures with regards to the Student Activity Fund and make necessary adjustments to be in compliance.

Response - All Target donations are now deposited in the General Fund. The Business Manager was not aware that Target donations were being deposited into the Student Activity Fund.

Graduating class account balances will be redistributed to other Student Activity Fund accounts upon the class graduating.

Instructional equipment will be purchased out of the appropriate funds in the future.

Checks for "cash" are now written out to "Guthrie Center High School Activities".

Conclusion - Response acknowledged. Checks should be written to specified individuals.

GUTHRIE CENTER COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Part II: Other Findings Related to Required Statutory Reporting

- II-A-07 Certified Budget - Expenditures for the year ended June 30, 2007 exceeded the amended certified budget amounts in the non-instructional function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - In the future the budget will be amended when needed.

Conclusion - Response accepted.

- II-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- II-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- II-D-07 Business Transactions - Business transactions between the District and District officials and employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joni Rees, Board Secretary Spouse owns Rees Repair	Repairs	\$2,133

In accordance with the Attorney's General's opinion dated November 9, 1976, the above transactions with the spouse of Joni Rees do not appear to represent a conflict of interest.

- II-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board
- II-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.
- II-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-07 Financial Condition - The General Fund had a deficit undesignated fund balance of \$122,511 and the Student Activity Fund had seven deficit accounts totaling \$22,050.

Recommendation - The District should investigate alternatives to eliminate these deficit balances. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - We will carefully monitor these deficit accounts in the future and try to develop a way to eliminate the deficits.

Conclusion - Response accepted.

II-K-07 Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation - The District should obtain and retain an image of both the front and back of each cancelled check as required.

Response - We have requested this from our bank repeatedly and they have not always provided this service on every cancelled check.

Conclusion - Response acknowledged. The District should have a written agreement with all the banks the District does business with if the banks are serving as a custodian of records for the District.